

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
ADAIR COUNTY WATER DISTRICT) CASE NO. 10385

O R D E R

On September 16, 1988, Adair County Water District ("Adair") filed its application with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to KRS 278.015 and 807 KAR 5:068, Purchased Water Adjustment.

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

1. Adair purchases water from the City of Columbia, Columbia Utilities Commission ("Columbia"), and Campbellsville Municipal Water and Sewer System ("Campbellsville").

2. During the 12-months ending July 31, 1988, Adair purchased 120,362,840 gallons of water from Columbia and 9,851,500 gallons from Campbellsville. A total of 96,288,231 gallons of water was sold during the same 12-month period.

3. Pursuant to an addendum to its water purchase contract with Adair, Columbia increased its rate for wholesale water from \$.95 to \$1.25 per 1,000 gallons, effective July 1, 1987.

4. Campbellsville bills on a declining block rate schedule. Effective with meter readings in June, 1988, Campbellsville increased its rates for wholesale water by approximately \$.62 per 1,000 gallons.

5. Adair placed its rates into effect on September 16, 1988.

6. Adair's calculations are incorrect. In its initial filing, Adair applied Columbia's base rate to total purchases to arrive at the cost rather than applying the base rate of each supplier to the specific volume of water purchased from that supplier. In a subsequent filing on September 27, 1988, Adair inadvertently applied Campbellsville's base rate to purchases from August, 1987, through April, 1988, and the changed rate to purchases made in May, June, and July, 1988. The correct calculations are shown in Appendix B.

7. Adair's proposed tariff is also incorrect due to the errors in calculating the purchased water adjustment.

8. The increase in purchased water costs is \$42,187, resulting in a purchased water adjustment of \$.44 per 1,000 gallons.

9. The purchased water adjustment of \$.44 per 1,000 gallons and the rates in Appendix A are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

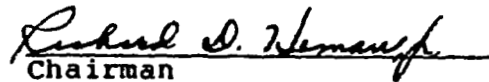
1. The purchased water adjustment and rates proposed by Adair are hereby denied.

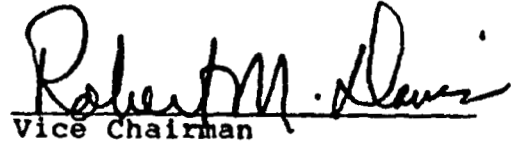
2. The purchased water adjustment of \$.44 per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after September 16, 1988.

3. Within 30 days of the date of this Order, Adair shall file its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 6th day of October, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 10385 DATED 10/6/88

The following rates and charges are prescribed for the customers in the area served by Adair County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

<u>Usage Blocks</u>	<u>Monthly Rate</u>
<u>5/8-Inch X 3/4-Inch Meter</u>	
First 2,000 gallons	\$11.38 Minimum Bill
Next 3,000 gallons	3.94 per 1,000 gallons
Next 5,000 gallons	3.44 per 1,000 gallons
Next 15,000 gallons	2.94 per 1,000 gallons
Over 25,000 gallons	2.39 per 1,000 gallons
<u>3/4-Inch Meter</u>	
First 3,000 gallons	\$15.32 Minimum Bill
Next 2,000 gallons	3.94 per 1,000 gallons
Next 5,000 gallons	3.44 per 1,000 gallons
Next 15,000 gallons	2.94 per 1,000 gallons
Over 25,000 gallons	2.39 per 1,000 gallons
<u>1-Inch Meter</u>	
First 5,000 gallons	\$23.20 Minimum Bill
Next 5,000 gallons	3.44 per 1,000 gallons
Next 15,000 gallons	2.94 per 1,000 gallons
Over 25,000 gallons	2.39 per 1,000 gallons
<u>1 1/2-Inch Meter</u>	
First 10,000 gallons	\$40.40 Minimum Bill
Next 15,000 gallons	2.94 per 1,000 gallons
Over 25,000 gallons	2.39 per 1,000 gallons
<u>2-Inch Meter</u>	
First 16,000 gallons	\$58.04 Minimum Bill
Next 9,000 gallons	2.94 per 1,000 gallons
Over 25,000 gallons	2.39 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 10385 DATED 10/6/88

PURCHASED WATER ADJUSTMENT CALCULATIONS

Water Purchased:

Columbia Utilities Commission	120,362,840 gals.
Campbellsville Municipal Water & Sewer System	<u>9,851,500 gals.</u>
Total Purchases	130,214,340 gals.

Water Sold: 96,288,231 gallons

Columbia Utilities Commission

Cost at Changed Rate:

120,362.840 m. gals. x \$1.25 = \$150,453.55

LESS

Cost at Base Rate:

120,362.840 m. gals. x \$.95 = 114,344.70

Increase

\$36,108.85

CAMPBELLSVILLE MUNICIPAL WATER AND SEWER SYSTEM

Cost at Changed Rates:

First	1,000 gals. x 12 =	12,000	12 x \$8.00 Min.	= \$	96.00
Next	9,000 gals. x 12 =	108,000	x 3.64/1,000 gal.	=	393.12
Next	40,000 gals. x 12 =	480,000	x 3.26/1,000 gal.	=	1,564.80
Next	50,000 gals. x 12 =	600,000	x 2.61/1,000 gal.	=	1,566.00
Next	100,000 gals. x 12 =	1,200,000	x 2.10/1,000 gal.	=	2,520.00
Next	300,000 gals. x 12 =	3,600,000	x 1.96/1,000 gal.	=	7,056.00
Next	500,000 gals. x 12 =	3,821,400	x 1.67/1,000 gal.	=	6,381.74
*Next	1,000,000 gals.	= 30,100	x 1.25/1,000 gal.	=	37.63
Over	2,000,000 gals.	= 0	x .67/1,000 gal.	=	0
		<u>9,851,500</u>			<u>\$19,615.29</u>

LESS

Cost at Base Rate:

First	50,000 gals. x 12 =	600,000	12 x \$119.35 Min.	= \$	1,432.20
Next	50,000 gals. x 12 =	600,000	x 1.80/1,000 gal.	=	1,080.00
Next	100,000 gals. x 12 =	1,200,000	x 1.45/1,000 gal.	=	1,740.00
Next	300,000 gals. x 12 =	3,600,000	x 1.35/1,000 gal.	=	4,860.00
Next	500,000 gals.	= 3,821,400	x 1.15/1,000 gal.	=	4,394.61
*Over	1,000,000 gals.	= 30,100	x 1.00/1,000 gal.	=	30.10
		<u>9,851,500</u>			<u>\$13,536.91</u>

Increase

\$6,078.38

* Purchases exceeded 1,000,000 gallons only 1 month during the 12-month period.

Increase from Columbia:	\$36,108.85
Increase from Campbellsville:	<u>6,078.38</u>
TOTAL INCREASE IN COSTS	<u>\$42,187.23</u>

\$42,187.23 ÷ 96,288.23/M. gals. sold = \$.4381 or \$.44/1,000 gals.